

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **October 11, 2005**

CONSENT:

REGULAR: **X**

AGENDA ITEM NO.: 17

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Lynchburg Regional Airport T-Hangar/Jet Pod Project**

**RECOMMENDATION:** Amend the Airport Projects Grant Fund budget and appropriate an additional \$454,219 with resources of an estimated \$137,970 reimbursable from state aviation entitlement funds and \$316,249 from increased borrowing to proceed with construction of 12 T-Hangar units and an attached Jet Pod unit at Lynchburg Regional Airport; and authorize the City Manager to execute related construction contracts.

### SUMMARY:

Over the past two years, airport staff have been pursuing construction of aircraft storage facilities known as "T-hangars" in order to accommodate an unmet need for individual aircraft hangar units at Lynchburg Regional Airport. As a result of a positive response to an initial solicitation of prospective T-hangar tenants in the fall of 2003, it was determined that demand could support 12 T-hangars and one larger end unit known as a "jet pod." The project then proceeded through the design and bid phase in 2004. Following a marked escalation in steel prices last year, however, the Lynchburg Regional Airport Commission recommended that the project be delayed pending a moderation in these costs. The project was subsequently put out for bids in the spring of 2005; however, all bids were rejected due to the lowest bid exceeding available funds. Following modifications of the building size and insertion of certain bid alternatives, the project was re-bid with new bids due on September 8, 2005. The low bid was \$454,219 more than has been appropriated thus far for this project, due partially to the addition of the jet pod adding \$109,157 to the originally conceived project, and the remainder owing to increased construction costs for these types of buildings in general. Airport management has factored the additional costs into the rents to be charged to tenants of the units. The rents will cover debt service on the project. The airport has received commitments to rent all units.

### PRIOR ACTION(S):

October 4, 2005	Finance Committee review
September 12, 2005	Airport Commission recommendation in favor of project
FY2004 CIP	Appropriated \$324,480 for construction
FY2003 CIP	Appropriated \$156,000 for initial design & sitework

### FISCAL IMPACT:

State aviation entitlement funds of \$137,970 for the additional 80% state portion of estimated eligible sitework are available. The remaining additional local portion will be funded by borrowing in the next bond issue. Total borrowing of \$640,699 for the project will result in increased annual debt service of approximately \$48,641 and will be funded by estimated annual rent revenue of \$54,000 from tenants.

### CONTACT(S):

Mark F. Courtney      455-6089      Airport Director

ATTACHMENT(S):      Resolution

REVIEWED BY: lkp

RESOLUTION

BE IT RESOLVED That the Airport Projects Grant Fund budget is amended and an additional \$454,219 is appropriated for the airport T-Hangar/Jet Pod project, with reimbursement \$137,970 from state aviation entitlement funds and \$316,249 from increased borrowing; and

BE IT ALSO RESOLVED That the City Manager is authorized to execute related construction contracts.

Introduced:

Adopted:

Certified:

\_\_\_\_\_  
Clerk of Council

139L